



April 30, 2012

Mr. David Albright
Manager, Ground Water Office
United States Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901

Dear Mr. Albright:

Elk Hills Power (EHP) is submitting the attached response to your letter dated March 14, 2012 in which the United States Environmental Protection Agency, Region IX (EPA), as part of its continuing technical review, requested additional information and clarifications of previously submitted documentation. The information with this letter is provided as a supplement to the Elk Hills Power UIC Permit Application (R9UIC-CA1-FY10-2Y) for Class I Non-Hazardous Injection Wells.

The attachments to this letter include an item-by-item list of responses to EPA's Enclosure in its March 14, 2012 letter and two (2) sets of hard copies to be replaced/inserted in the UIC Application document. A fully updated electronic copy of the Permit Application containing all revisions will be submitted by the end of this week.

Please feel free to contact Mr. Ricardo Medina at (661) 763-2727 or Mr. Sonnie Pineda at (661) 763-2725 if you have any questions or further requests.

Very truly yours,

Ricardo Medina
Elk Hills Power

Enclosures

RESPONSE TO EPA ENCLOSURE (MARCH 14, 2012)

Elk Hills Power – EPA FRS ID No. 110012191430

Comment 1. Summary Section, Page 4, Formation Testing Program – The write-up describes the September and October 2010 Fall off Tests (FOTs), however there was also a test conducted in December 2011. This section should be updated to include the most recent testing results.

Response 1. Page 4 of the Summary Section is updated to incorporate the results of the most recent falloff test (FOT) conducted September 19-21, 2011, and reported in the "UIC Pressure Falloff Testing, Annual Test Report – Year 2011" dated December 2011. In addition, images of the radioactive tracer surveys conducted after the FOT have been incorporated into Exhibit P-2.

Comment 2. Summary Section, Page 5, Plugging and Abandonment (P&A) Program and Results – The procedure outlined in Attachment Q should be tailored to the P&A of the currently operating wells, not be a presentation of the plan that was used to abandon well 25-18G.

Response 2. The Plugging and Abandonment Program and Results section of the Summary, page 5, has been updated to reflect the abandonment programs that will be used for the permitting UIC wells as detailed in Attachment Q.

Comment 3a. Summary Section, Wells within the Area of Review, Pages 9 and 10 – The narrative description of the wells and the labels on the revised figure (Exhibit B-3) are inconsistent. For example, the narrative describes well 45WS-18G as a "Dry Hole," however it is shown as "plugged" on the figure. Please correct either the narrative or the Figure.

Response 3a. The narrative of "Wells within the Area of Review", pages 9 and 10, and the corresponding Exhibit B-3 have been updated to reflect the current status of each of the wells located within the Area of Review (AOR). In addition, Exhibit C-1 has been updated to reflect the current status of each of the wells located within the AOR.

Comment 3b. Attachment D – please provide the written documentation regarding the aquifer exemption of the Tulare Formation. Refer to comment 10, below.

Response 3b. A discussion of the available documentation regarding the aquifer exemption for the Tulare Formation within the AOR is provided in Attachment D. This includes a map showing the location of the UIC wells relative to the boundary of the Elk Hills Oil Field (Exhibit D-1), and the EPA's February 16, 2001 "Response to Comments" regarding the original UIC Permit No. CA 200002 (Exhibit D-2).

Comment 4. Attachment F - Lithology of the Confining Interval and Lithology of the Injection Interval – The information presented in the application re-packages a portion of the information included in the 1999 application. The lithology of these formations should be updated based on the information collected from drilling the four injection wells at the facility. Permeability or other characteristics should not be estimated when there is actual data that may be presented.

Response 4. The permeability information from the fall-off testing of the injection wells is incorporated into the discussion of the lithology of the Injection Interval. There is no new information from 25A-18G and 35A-18G for the lithology of the confining interval.

Comment 5. Attachment I, Page 30, 31 – Update the tables to include the results of the December 2011 FOT.

Response 5. The tables on pages 30 and 31 have been updated to include the results of the September 19-21, 2011 falloff test as reported in December 2011.

Comment 6. Attachment I, Page 32, 4th paragraph, 4th sentence, minor comment – The table of the average surface pressures is on page 26, not page 23.

Response 6. Corrected.

Comment 7. Attachment I, Page 33, Well 35-18G – this section states that well 35-18G “has been retired from general use as an injection well.” Please clarify, as this application includes this well as part of the renewal application.

Response 7. The statement on page 33 is revised to indicate that well 35-18G is not needed as a disposal well at this time nevertheless it is being permitted to provide for emergency disposal in the event of well failures for UIC wells 25A-18G and/or 35A-18G.

Comment 8. Attachment Q – Plugging and Abandonment Plan – The information provided is insufficient. The plan should address the plugging and abandonment of three injection wells including EPA Form 7520-14, and a detailed third party cost estimate.

Response 8. Attachment Q has been revised to address the actual abandonment procedures for each of the permitting wells. EPA Forms 7520-14 are included in Exhibit Q-3. A detailed third party cost estimate is provided in Exhibit Q-4.

Comment 9. Attachment R, Necessary Resources – The financial statement will be required to demonstrate resources sufficient to plug and abandon the three permitted wells by a third party. The financial assurance amount has not changed since the permit was issued, and must be updated to reflect current estimated costs that will be revised per Comment #8 above.

Response 9. “Attachment R – An updated financial statement letter is provided from Occidental Petroleum (Exhibit R-1) verifying that financial resources are available to plug and abandon the permitting wells.

Comment 10. Attachment S, Aquifer Exemptions – this section should include the documentation of the aquifer exemptions granted.

Response 10. Attachment S has been updated for the information about the Tulare aquifer exemption within the Elk Hills oil field and the project AOR.